

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

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In the Matter of )  
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Application of The Alaska Wireless Network, )  
LLC, and Nextel West Corp. for Approval of a )  
Long-Term *De Facto* Transfer Spectrum )  
Leasing Arrangement Involving 800 MHz )  
Licenses in Alaska )  
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WT Docket No. 17-63

**RESPONSE OF ALASKA WIRELESS NETWORK, LLC TO GENERAL  
INFORMATION REQUEST DATED APRIL 5, 2017**

Michael Lazarus  
Jessica DeSimone Gyllstrom  
TELECOMMUNICATIONS LAW PROFESSIONALS  
PLLC  
1025 Connecticut Ave., N.W.  
Suite 1011  
Washington, DC 20036

April 19, 2017

Alaska Wireless Network, LLC (“AWN”) provides this response to the letter and General Request for Information dated April 5, 2017 (“Information Request”), from James D. Schlichting, Senior Deputy Chief of the Wireless Telecommunications Bureau of the Federal Communications Commission (the “Commission”) concerning the leasing of certain 800 MHz licenses (“Licenses”) from Nextel West Corp., a wholly-owned indirect subsidiary of Sprint Corporation (collectively, “Sprint”) to AWN in the above-referenced transaction.

**Request 1(a):** *A detailed discussion of how the proposed spectrum leasing arrangement would allow AWN, particularly in underserved and rural areas, to cover the vastness of Alaska more effectively, including a discussion of the use of fewer towers, and also permit Sprint’s customers to expand their ability to use mobile broadband services.*

Providing wireless service to Alaska is particularly challenging due to the vast terrain and harsh climate. First, communities are separated by great distances – mostly unconnected by roads. Alaska is the largest state in America, with a vast territory and numerous small, remote communities. As a result, carriers are faced with steeper build-out costs when seeking to serve Alaskans – especially rural Alaskans – and, thus, higher costs for Alaskan consumers. This dynamic also threatens to magnify the existing digital divide between rural Alaskans and those living in metropolitan Alaskan areas. Second, climate, geography, and government land-ownership complexities often hamper infrastructure deployment and operation in Alaska. The already challenging build-out conditions are exacerbated by the extreme Alaskan weather, which significantly limits construction to a few months each year (which is shorter than construction seasons in any other part of the United States).

The very distance, climate, and geographic characteristics that make it so uniquely difficult to provide wireless service also make reliable mobile service so important to the safety and livelihoods of Alaskans every day. AWN aims to bring Alaskans the best wireless service to the most people and in the most communities possible. To achieve this goal, AWN puts new

Leasing of the Licenses is an important part of this effort. Approving the Transaction will enhance AWN's ability to cover the vastness of Alaska more effectively, especially in underserved and rural communities— and potentially allow Sprint's customers an enhanced ability to use mobile broadband services. Because of AWN's longstanding familiarity with the unique demands of the Alaskan marketplace and environment, its deep resources in Alaska, and its understanding of the needs to Alaskans, AWN is uniquely positioned to maximize use of Sprint's spectrum for the benefit of both AWN's and Sprint's customers, and will ensure that the Licenses are deployed quickly and efficiently. Moreover, the propagation characteristics of 800 MHz spectrum (a band that AWN does not currently have access to), allow a carrier to provide service to a wider geographic area using fewer towers.<sup>1</sup> More importantly, for the many rural Alaska communities that AWN serves with a single cell site, this 800 MHz spectrum can be used to extend that coverage farther beyond the community borders, increasing coverage to isolated areas where access to service has been limited, and improving public safety communications.

[END

**HIGHLY CONFIDENTIAL]** The use of 800 MHz spectrum in conjunction with **[BEGIN**  
**HIGHLY CONFIDENTIAL]** [REDACTED]

**[END HIGHLY CONFIDENTIAL]** In the longer term, AWN anticipates using the 800 MHz spectrum to support the ever-increasing capacity on its networks and to help expand the coverage of its networks. This could potentially enable AWN to use that spectrum to supplement capacity in both or either one of AWN's wireless networks (CDMA and GSM/LTE).

**Request 1(b):** *A detailed discussion of the Company's plans to provide high-quality, high-speed wireless broadband services prior to the proposed spectrum leasing arrangement, including a detailed description of the Company's current and planned deployment of advanced broadband services, including the spectrum bands and the total amount of spectrum used for such deployment.*

AWN is committed to delivering high-quality wireless broadband service to Alaskans – in both urban and rural areas. No other carrier shares AWN's focus on the Alaska market and track record of delivering service statewide, including in challenging rural deployments.

Within the past few years, AWN has brought new wireless broadband service to remote areas such as Yakutat, Manley Hot Springs and Minto. AWN has also worked to expand its existing GSM and UMTS/HSPA coverage in Bethel and the nearby villages of Napakiak, Napaskiak, Oscarville, Kasigluk, Atmautluak, Kwethluk, Akiachak, Akiak, and Tuluksak. In addition, AWN has expanded its network in Kotzebue, Nome, Unalakleet, Beluga, Alakanuk, Aniak, Cheforak, Eek, Emmonak, Goodnews Bay, Hooper Bay, Kipnuk, Kongiganak, Kwigillingok, Marshall, Mountain Village, Newtok, Nightmute, Nunam Iqua, Pilot Station, Quinhagak, Russian Mission, Shaktoolik, St. Mary's, Togiak, Toksook Bay, Twin Hills, Tununak, Tuntutuliak, Mekoryuk, Scammon Bay and Chevak, Barrow, King Cove, King Salmon, and Naknek including the completion of new secondary sites in Bethel, King Cove, and Naknek. Recently, AWN has worked towards deploying

Dutch Harbor and Barrow using 700 MHz, as this efficient low-band spectrum promises a better experience for AWN's customers in these rural areas. In addition to expanding coverage, AWN has also increased its network capacity in the rural areas it already covers in numerous Alaska communities. For instance, AWN improved capacity by launching LTE or reinforcing its 3G UMTS coverage in the Matanuska-Susitna Valley, Kenai Peninsula, Ketchikan, and Kodiak areas. AWN also deployed LTE using its 700 MHz spectrum on the North Slope and on the Kenai Peninsula.

Looking to the future, AWN's current five-year plan includes rural coverage improvements and deployments throughout Alaska. Although the extent and precise locations of future expansions will be determined based on future consumer demand, demographic growth, and the certainty and stability of universal service fund high-cost support, AWN currently plans to invest in similar rural coverage and capacity expansion projects in communities across the state. For instance, AWN anticipates deploying 3G service to remote areas such as Coldfoot in the very near term. AWN is also beginning to deploy HSPA and/or LTE in Ambler, Barrow, Brevig Mission, Buckland, Gambell, Kiana, Kivalina, Kotlik, Noatak, Noorvik, Savoonga, Selawik, Shishmaref, Shungnak, St. Michael, Stebbins and Unalaska at this time. In addition, AWN has made a number of commitments to deploy, upgrade and further maintain its mobile voice and broadband-capable networks pursuant to the FCC's Alaska Plan.<sup>2</sup>

Furthermore, although the delivery of any wireless broadband service is a huge challenge in much of Alaska, AWN will continue to actively upgrade the mobile broadband

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<sup>2</sup> See *In the Matter of Connect America Fund, Universal Service Reform- Mobility Fund, Connect America Fund – Alaska Plan*, WC Docket No. 10-90, WT Docket No. 10-208, WC Docket No. 16-271, Report and Order and Further Notice of Proposed Rulemaking, FCC 16-115 (rel. Aug. 31, 2016).

technologies it has already deployed throughout rural Alaska. In the coming years, AWN will continue to expand these efforts, with plans to [BEGIN HIGHLY CONFIDENTIAL]

[REDACTED] [END HIGHLY CONFIDENTIAL] and to begin rolling out VoLTE and VoWIFI technology [BEGIN HIGHLY CONFIDENTIAL] [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] [END HIGHLY CONFIDENTIAL]

In addition to building out service for AWN's own subscribers, AWN also invests heavily in meeting the needs of competing carriers' subscribers when they roam onto AWN's network. AWN has active, significant, and in many cases growing, roaming relationships with several other carriers, which allows AWN to serve the many businesspeople, tourists, and military personnel who come to Alaska only temporarily, and expect voice and data service comparable to what they enjoy at home—but without switching wireless carriers just for their stay in Alaska. These roaming relationships involve significant capacity over both AWN's CDMA network and GSM/LTE network. Over the next five years, AWN expects to invest more than [BEGIN HIGHLY CONFIDENTIAL] [REDACTED] [END HIGHLY CONFIDENTIAL] statewide just to support these roaming customers.

**Request 1(c):** *A detailed description of how the Company would use the spectrum under the proposed spectrum leasing arrangement to provide advanced mobile telephony/broadband services to consumers, on a standalone basis and/or in conjunction with any other of the Company's spectrum holdings.*

As the Commission knows, low-band spectrum, such as 800 MHz-band spectrum, is particularly valuable to wireless carriers due to its propagation characteristics; below-1-GHz

spectrum significantly improves the economics of covering less dense populations, especially in environments with uneven terrain, tree cover, or other unfavorable terrain morphologies.

While these characteristics make low-band spectrum attractive to carriers nationwide, they are of exceptional importance in Alaska. This spectrum permits increased efficiencies for rural coverage, which allows AWN to expand and/or improve wireless broadband for more Alaskans than is possible with higher frequencies. Considering the high costs unique to network deployment in Alaska, including site development and high construction costs due to short construction seasons, inhospitable weather, permitting, logistics and designing sites to operate, maintain and sustain arctic and subarctic extremes, the efficiency inherent in low-band spectrum becomes even more important.

Accordingly, AWN has invested heavily in 850 MHz and 700 MHz spectrum to improve the economics of its rural deployments (which, in Alaska, includes the majority of *all* deployments). 800 MHz spectrum is also needed, however, to meet growing demand.

As noted above, initially, the 800 MHz spectrum will be used as part of a [BEGIN  
HIGHLY CONFIDENTIAL] [REDACTED] [END HIGHLY CONFIDENTIAL] in  
order to allow the Licenses to be constructed in as efficient a manner as possible, particularly  
with a short timeframe for construction available. When used as a [BEGIN HIGHLY  
CONFIDENTIAL] [REDACTED]  
[REDACTED] [END HIGHLY CONFIDENTIAL] particularly in remote, rural  
areas of Alaska that do not have broadband today. In addition, on a longer term basis, the  
Licenses being leased to AWN will complement existing AWN licenses and also will allow  
AWN to provide additional advanced services. While AWN holds other low-band spectrum,  
such as 850 MHz and 700 MHz, it is unable to utilize these bands purely for LTE and other high-

capacity services. For instance, AWN’s 850 MHz spectrum is currently being utilized for legacy support such as 2G and 3G services. AWN anticipates potentially being able to utilize the 800 MHz spectrum for efficient LTE coverage, which would allow for only LTE-based equipment to be used. [BEGIN HIGHLY CONFIDENTIAL] [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] [END HIGHLY  
CONFIDENTIAL]

The Commission has recognized “that holding a mix of spectrum bands is advantageous to providers and that consumers benefit when multiple providers have access to a mix of bands.”<sup>3</sup> This is particularly true with respect to AWN. AWN operates two separate and distinct networks in Alaska, a network using GSM/LTE technology and a network using CDMA technology. Due to these distinct networks, AWN has to apportion spectrum for the separate use of each network, while still maintaining available capacity for each. This additional 800 MHz spectrum, which is being leased for a six-year period, will allow AWN the flexibility to operate both networks in as efficient a manner as possible. This is particularly important as AWN moves to LTE (including VoLTE) and other next generation technologies. Thus, the lease of the Licenses will expand the depth of AWN’s spectrum holdings in Alaska, allowing AWN the ability to offer more robust services, including improved indoor coverage and enhanced consumer choice.

**Request 1(d):** *The Company’s timeline for deploying the spectrum that it would lease through the proposed arrangement.*

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<sup>3</sup> *Policies Regarding Mobile Spectrum Holdings, Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions*, Report and Order, 29 FCC Rcd 6133, ¶ 59 (2014) (“*Mobile Spectrum Holdings Report and Order*”).

AWN plans on deploying the leased spectrum as soon as possible. As noted above, AWN plans build out the 800 MHz spectrum as expeditiously as possible [BEGIN HIGHLY CONFIDENTIAL] [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] [END HIGHLY CONFIDENTIAL]

In the longer term, AWN plans on using the 800 MHz spectrum to support the ever-increasing capacity on its multiple networks and to help expand the coverage of its networks. This includes potentially incorporating the 800 MHz spectrum [BEGIN HIGHLY CONFIDENTIAL] [REDACTED] [END HIGHLY CONFIDENTIAL] or allowing AWN the ability to use other spectrum for its CDMA network, via the use of the 800 MHz Licenses to supplement capacity in other aspects of AWN's networks. AWN also intends to use the 800 MHz spectrum to augment existing AWN 700 MHz and other deployments, and to provide additional and improved indoor coverage, particularly as AWN moves toward the deployment of VoLTE.

**Request 2:** *The Mobile Spectrum Holdings Report and Order requires, where an entity acquiring below-1-GHz spectrum already holds approximately one-third or more of the below-1-GHz spectrum in a particular market, that the demonstration of the public interest benefits of the proposed transaction will need to clearly outweigh the potential public interest harms. In Bethel census area, the Company already holds 62 megahertz of below-1-GHz spectrum and, as a result of the proposed spectrum leasing arrangement, would increase its holdings to 76 megahertz of such spectrum. Provide a detailed explanation why this additional concentration of spectrum clearly outweighs the public interest harms associated with such concentration of below-1-GHz spectrum, irrespective of other factors, i.e., potentially lessening the ability of rival service providers to offer competitive responses. For instance, explain in detail how the Company is maximizing use of its spectrum and how the proposed transaction is necessary to maintain, enhance, or expand mobile telephony/broadband services provided to consumers. Provide all documents relied on in preparing the response.*

The overlap of cellular spectrum causing AWN to exceed the spectrum screen in a limited area in Bethel covers approximately 10,000 people. AWN is today the only company

that has made the investments needed to serve the community of Bethel, Alaska, which is difficult to serve due to its particularly rural geographic area. The Commission has acknowledged that “AWN is currently the only service provider that has coverage in Bethel.”<sup>4</sup> Even so, AWN currently controls well less than a majority of the available spectrum there, and the Commission recently found that “the low-band spectrum holdings of other service providers in Alaska 2, and Alaska as a whole, would likely allow them to effectively respond to any anticompetitive behavior on the part of AWN.”<sup>5</sup>

Demand for AWN's services in that borough and, with it, AWN's spectrum utilization, is high, especially for below-1-GHz spectrum. Of the 50 MHz of below-1-GHz spectrum that AWN holds and has deployed in the cellular overlapping area in Bethel today<sup>6</sup> [BEGIN HIGHLY CONFIDENTIAL] [REDACTED] [END HIGHLY CONFIDENTIAL] is currently devoted to GSM, and another [BEGIN HIGHLY CONFIDENTIAL] [REDACTED] [END HIGHLY CONFIDENTIAL] is used for UMTS/HSPA, for a total of [BEGIN HIGHLY CONFIDENTIAL] [REDACTED] [END HIGHLY CONFIDENTIAL] of the deployed 50 MHz currently used for mobile voice and broadband data service, or [BEGIN HIGHLY CONFIDENTIAL] [REDACTED] [END HIGHLY CONFIDENTIAL]. This high degree of cellular spectrum utilization demonstrates that other carriers are not interested in

<sup>4</sup> See *Application of the Alaska Wireless Network LLC, and T-Mobile License LLC. For Consent to Assign License*, Memorandum Opinion and Order, DA 16-507, ¶ 24 (rel. May 6, 2016) (“*AWN-T-Mobile Order*”).

<sup>5</sup> See *id.* at ¶ 21.

<sup>6</sup> Awn also holds 12 MHz of 700 MHz spectrum in this area, but it currently is determining deployment capability subject to Awn's pending waiver request.

7 [BEGIN HIGHLY CONFIDENTIAL] [REDACTED]  
[REDACTED] [END HIGHLY CONFIDENTIAL]

investing in facilities-based service to consumers in the Bethel market, likely because of its small size and remote location. Moreover, this utilization reflects the fact that low-band spectrum is far more economical to deploy in Bethel than higher frequencies, particularly than in urban markets. The acquisition of additional low-band spectrum, however, could allow AWN to expand and improve service, including possibly introducing or enhancing LTE service, in a way that accounts for these challenges, and consistent with the unique characteristics of the Bethel market.

**[BEGIN HIGHLY CONFIDENTIAL]**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**[END HIGHLY CONFIDENTIAL]**

Importantly, significant spectrum remains to support competition if another company decides to invest in service to Bethel's consumers. Indeed, a lack of available spectrum does not appear to be the reason that investment in the Bethel market has not taken place. FCC records indicate that AT&T, Verizon, DISH and others all hold significant amounts of low-band spectrum in the community of Bethel, however none of them have chosen to deploy any of their low-band spectrum to deliver wireless broadband to Bethel's consumers. In addition, as noted in further detail below, both DISH and T-Mobile are listed as winning bidders for 30

MHz and 20 MHz respectively of 600 MHz spectrum in Bethel during the Incentive Auction, at the minimum bid prices available for such spectrum.<sup>8</sup> This development confirms that (1) more facilities-based competition is potentially available in Bethel, to the extent other providers decide to construct facilities and (2) other entities have low-to-non-existent barriers to entry in the area, with the cost of spectrum being extremely low comparatively to other, more populated areas.

Any of these carriers, including Sprint, could enter the Bethel market to compete with AWN if they so choose. In the meantime, the proposed transaction will allow AWN to continue serving the needs of Bethel residents and to compete with the nationwide carriers elsewhere in the state where they offer service.<sup>9</sup>

Thus, approval of the proposed transaction would facilitate AWN's efforts to meet consumers' demand for wireless broadband in an area where AWN has been the only provider - without meaningfully restricting other carriers' ability to compete in that market, should they choose to do so.

**Request 3:** *On page 4 of the Public Interest Statement, the Applicants contend that the approval of this proposed spectrum leasing arrangement will not result in public interest harm because it will promote competition and will not reduce the number of facilities-based competitors in Alaska. Provide a detailed discussion of how the proposed spectrum leasing arrangement promotes and preserves meaningful competition, would still allow rival service providers and potential new entrants to provide an effective competitive constraint, and how it would allow the Company to become a more effective competitor. Provide all documents relied on in preparing the response.*

As an initial matter, at the time this lease application was filed with the Commission,

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<sup>8</sup> See [auctiondata.fcc.gov](http://auctiondata.fcc.gov).

<sup>9</sup> Accordingly, the Commission's prior conclusion that it "is unlikely that this proposed transaction would raise rivals' costs to any significant extent or would foreclose expansion or entry of mobile wireless services in this local market or statewide," notwithstanding the fact that AWN would exceed the below-1-GHz spectrum screen in the Bethel census area, is applicable to the approval of this Transaction as well. See *AWN-T-Mobile Order* at ¶ 19.

approval of this transaction would have put AWN’s spectrum holdings at 51 MHz of under-1-GHz spectrum across Alaska, with the exception of a small portion of the Bethel census area in Alaska 2 – Bethel, where AWN would have had 76 MHz of under-1-GHz spectrum. In addition, the spectrum screen at the time this lease application was filed with the Commission was 45 MHz for under-1-GHz spectrum and 199 MHz for overall spectrum holdings.

Since the Commission’s Information Request was released, the Commission (1) publically released the winning bidders in the 600 MHz Incentive Auction and (2) released the Incentive Auction Closing and Channel Reassignment Public Notice (“Channel Reassignment PN”).<sup>10</sup> The Channel Reassignment PN triggers the availability of the 600 MHz band for inclusion in the spectrum screen.<sup>11</sup> The Commission noted in the *Mobile Spectrum Holdings Report and Order* that “the amount of repurposed 600 MHz Band spectrum added to the spectrum screen will be equal to the total megahertz amount of spectrum repurposed for flexible use wireless licenses.”<sup>12</sup> With 70 MHz of spectrum repurposed for flexible use wireless licenses, the Commission’s spectrum screens should be revised accordingly: (1) the Commission’s spectrum screen for under-1-GHz spectrum should be increased to 68 MHz; and (2) the Commission’s overall spectrum screen should be increased to 222 MHz.<sup>13</sup> Therefore, approval of this transaction, prior to AWN being

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<sup>10</sup> Incentive Auction Closing and Channel Reassignment Public Notice, et al, DA 17-314 (rel. Apr. 13, 2017) (“Channel Reassignment PN”).

<sup>11</sup> *Mobile Spectrum Holdings Report and Order* ¶ 81.

<sup>12</sup> *Id.*

<sup>13</sup> In addition, the overall spectrum screen threshold will increase even further in the near term, once AWS-3 licenses are considered “available” on a market-by-market basis. Once added, the additional 50 MHz of AWS-3 spectrum should raise the spectrum screen threshold to 239 MHz. Post-closing, all of AWN’s holdings, with the exception of a portion of Bethel

attributed with its 600 MHz auction winning bids, would not trigger either spectrum screen for the majority of AWN’s holdings, with the exception of a small portion of AWN’s under-1-GHz holdings in the Bethel census area in Alaska 2- Bethel.<sup>14</sup>

Moreover, in accordance with publically released information from the FCC’s auction website,<sup>15</sup> AWN was the winning bidder for spectrum in various PEAs in Alaska as follows: (1) PEA212 – Anchorage, 10 MHz; (2) PEA264 – Kodiak, 20 MHz; (3) PEA298 – Fairbanks, 20 MHz; and (4) PEA360 – Juneau, 10 MHz.

Attached as Exhibit 2 is a revised spectrum aggregation chart, which demonstrates AWN’s spectrum holdings in areas where it is both listed as the winning bidder for 600 MHz spectrum and the Sprint 800 MHz spectrum would be attributed to it post-transaction. In short, with such spectrum accounted for, AWN would fall below both the under-1-GHz and overall spectrum screen in PEA212-Anchorage (the most populous area in Alaska) and in PEA360-Juneau. In PEA298-Fairbanks and PEA264-Kodiak, AWN would only be 3 MHz above the new under-1-GHz screen of 68 MHz.<sup>16</sup> In addition, AWN would fall under the overall spectrum screen in PEA264-Kodiak (with the exception of a small area in Bethel), and only be above the overall spectrum screen in four boroughs in PEA298-Fairbanks (the boroughs of Denali, Fairbanks, Southeast Fairbanks and Yukon-Koyukuk). Moreover, as

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(at 246 MHz) will be under that threshold.

<sup>14</sup> Indeed, while the addition of 600 MHz spectrum will place AWN over the spectrum screens in a few limited areas as listed herein, the FCC, in seeking to encourage participation in the Incentive Auction and promote access to spectrum, explicitly permitted “bidding on 600 MHz reserve spectrum by regional and local service providers in all PEAs, including those where such a provider holds more spectrum than our 45 megahertz holding threshold of the available low-band spectrum.” *Mobile Spectrum Holdings Report and Order* ¶ 180.

<sup>15</sup> See [auctiondata.fcc.gov](http://auctiondata.fcc.gov).

<sup>16</sup> AWN has a small portion of overlapping cellular spectrum in a portion of Bethel, and would have 96 MHz of under-1-GHz spectrum and 246 MHz of overall spectrum in this area.

noted in further detail below, three entities are listed as winning bidders for low band spectrum in the Incentive Auction that did not previously have it – adding new potential competition to the Alaska market.<sup>17</sup>

Regardless of this minor increase over the spectrum screen, this transaction remains in the public interest. As the Commission has previously noted, in a situation where factors ordinarily considered by the Commission “indicate a low potential for competitive or other public interest harm, the acquisition of under-1-GHz spectrum resulting in holdings of approximately one third or more would not preclude a conclusion that a proposed transaction, on balance, further the public interest.”<sup>18</sup> Indeed, despite AWN’s low-band holdings, its proposed lease promotes, rather than thwarts, the FCC’s objectives underpinning the low-band screen and broader spectrum policies alike. Without access to low-band spectrum, smaller providers such as AWN would be less likely to provide a competitive alternative to these larger carriers.<sup>19</sup> The Commission also noted in a previous transaction that “the low-band spectrum holdings of other service providers in Alaska 2, and Alaska as a whole, would likely allow them to effectively respond to any anticompetitive behavior on the part of AWN.”<sup>20</sup> Since that conclusion, AWN’s competitors and potential competitors in Alaska have accumulated even more spectrum – and nothing has negatively occurred to alter that conclusion. AWN is also uniquely positioned to realize the potential of 800 MHz spectrum, as it already has a network of existing cell sites, fiber and microwave

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<sup>17</sup> See [auctiondata.fcc.gov](http://auctiondata.fcc.gov).

<sup>18</sup> *AWN-T-Mobile Order* ¶ 9.

<sup>19</sup> As the Commission found in the *AWN-T-Mobile Order*, “non-nationwide service providers such as AWN present a significantly lower risk of effectively denying access to low-band spectrum to competitors because of their relative lack of resources.” *Id.* ¶ 21.

<sup>20</sup> *Id.*

links for backhaul, and an LTE core ready to support consumers in this band. In most communities, AWN believes it may be the only company that could actually deploy this spectrum because of the challenges of servicing small Alaskan villages. Moreover, as noted throughout the Public Interest Statement, Alaska provides a unique and challenging operating environment for a wireless carrier, particularly due to extremely challenging weather and construction conditions. And, lastly, this spectrum is particularly valuable for AWN because it is focused exclusively on constructing a network in rural Alaska, where the propagation characteristics of low-band spectrum are particularly valuable. With there being no dense urban areas in the entire State of Alaska, the overwhelming majority of the state is considered rural, or even wilderness, with only scattered community centers reaching suburban densities.

Nevertheless, the Alaska market remains competitive. The Commission has considered the following factors while assessing the potential for competitive harm of a transaction that would result in the acquiring entity holding approximately one-third or more of the suitable and available spectrum below 1 GHz: (1) the total number of rival service providers, (2) the number of rival firms that can offer competitive service plans, (3) the coverage by technology of the firms' respective networks, (4) the rival firms' market shares, (5) the combined entity's post-transaction market share and how that share changes as a result of the transaction, (6) the amount of spectrum suitable for the provision of mobile telephony/broadband services controlled by the combined entity, and (7) the spectrum holdings of each of the rival service providers.<sup>21</sup>

As detailed herein, since this is a spectrum-only transaction, the first five factors are

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<sup>21</sup> See *Application of AT&T Mobility Spectrum LL and Club 42CM Limited Partnership For Consent to Assign Licenses*, Order, FCC 15-150, ¶ 34 (Nov. 12, 2015).

not implicated, as the total number of entities that can offer competitive service plans, coverage, rival firms' market shares and AWN's market share will remain unchanged post-transaction.

The last two factors would not result in anti-competitive harm pursuant to this transaction, as numerous providers will continue to have access to significant amounts of spectrum in Alaska, and rival service providers will continue to maintain significant spectrum holdings in Alaska to provide an effective competitive constraint on AWN. Indeed, even though the proposed transaction would cause AWN to exceed the under-1-GHz spectrum screen by a small amount (3 MHz) in two PEAs except for small portions of Bethel, AWN's competitors (and new potential competitors in Alaska) will continue to retain sufficient spectrum resources to compete meaningfully. For example, according to FCC records, nationwide carriers hold a significant amount of spectrum—including 850 MHz, 700 MHz, SMR, PCS, and AWS spectrum—throughout the state,<sup>22</sup> and Alaska is also home to several

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<sup>22</sup> AT&T has 700 MHz, Cellular, AWS-1, PCS, AWS-3 and WCS licenses covering various markets in Alaska. AT&T also has between 18 and 55 MHz of under-1-GHz- spectrum statewide. In addition, AT&T and Arctic Slope Telephone are seeking FCC approval of a long-term *de facto* transfer leasing arrangement that would allow AT&T to lease an additional 12 megahertz of Lower 700 MHz C Block spectrum. Verizon has 700 MHz and AWS-3 licenses statewide, as well as AWS-1 licenses covering certain markets in Alaska. The FCC also recently approved Verizon's purchase of extensive AWS-1 spectrum holdings from MTA Communications. Verizon has 22 MHz of under-1-GHz spectrum statewide. DISH has AWS-4, AWS-2, PCS, 700 MHz licenses, and soon 600 MHz licenses, covering various markets in Alaska. T-Mobile has AWS-1 mobile spectrum, and soon 600 MHz spectrum, throughout Alaska and remains a potential facilities-based competitor in all relevant markets. Once the AWS-3 licenses are ready for deployment, AT&T and Verizon will add even more spectrum to their already vast resources, and DISH will also significantly increase its spectrum holdings in Alaska. AT&T acquired 20 MHz of statewide AWS-3 spectrum; Verizon acquired 20 MHz of statewide spectrum; and a DISH DE acquired 10 MHz of paired statewide spectrum and 15 MHz of unpaired statewide.

smaller, local carriers with at least 25 MHz of cellular spectrum in parts of Alaska.<sup>23</sup>

AT&T holds a comparable amount of spectrum to AWN throughout Alaska, including significant low-band spectrum, with other carriers not far behind. In addition, AT&T was recently the winner of the contract to build the network associated with FirstNet, which gives AT&T access to a significant further amount of low-band 700 MHz spectrum.<sup>24</sup> Indeed, both AT&T and Verizon currently hold more 700 MHz spectrum than AWN throughout Alaska. These two national carriers compete vigorously with AWN, especially in Alaska’s more urban markets, with robust LTE deployments. Thus, while AWN believes that it has a particular dedication to putting this spectrum to use for rural Alaska, other carriers can and do compete successfully with AWN in markets all across the state where they choose to offer service. Allowing AWN to exceed the under-1-GHz spectrum screen will enhance AWN’s ability to compete with the nation’s two largest carriers, and the approval of this transaction will avoid further concentration among the largest carriers.

In addition, 600 MHz spectrum is now considered available and suitable for spectrum aggregation purposes and will soon allow for additional providers to offer competitive services. Indeed, according to the FCC’s auction system, (1) Omega Wireless, a new entrant to Alaska, is the winning bidder for 20 MHz of spectrum in PEA212-Anchorage and PEA360-Juneau; (2) T-Mobile is the winning bidder for 20 MHz of spectrum across Alaska; and (3) DISH is the winning bidder for at least 20 MHz of spectrum across Alaska,

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<sup>23</sup> The Commission has recognized that numerous non-nationwide providers have at least 25 MHz of cellular spectrum in parts of Alaska, including Copper Valley Wireless, MTA Wireless, Cordova Wireless, TelAlaska, OTZ Telephone and Windy City Cellular. Many of these providers have long-term spectrum manager leasing arrangements as part of their participation in Verizon Wireless’s “LTE in Rural America” program. *See AWN-T-Mobile Order*, fn. 65.

<sup>24</sup> *See* Diana Goovaerts, *It’s Official: AT&T Awarded FirstNet Build Contract*, WIRELESSWEEK, (Mar. 30, 2017, 11:03 am) <https://www.wirelessweek.com/news/2017/03/its-official-t-awarded-firstnet-build-contract>.

winning 30 MHz in PEA264-Kodiak and PEA298-Fairbanks.<sup>25</sup> T-Mobile and DISH’s winning bids add significant low-band spectrum holdings to their spectrum portfolios, allowing each company the potential to provide service in Alaska. In addition, the spectrum in PEAs 264 and 298, where Awn exceeds the under-1-GHz spectrum screen by 3 MHz, sold for the minimum bid amount offered by the Commission.<sup>26</sup> This fact further demonstrates that there is no competitive constraint on the acquisition of spectrum in these areas.

Importantly, the number of facilities-based competitors in Alaska will also not be reduced by this transaction. Sprint currently is not providing services over the Licenses. The proposed spectrum lease will therefore put to productive use otherwise idle spectrum to the benefit of Alaskan customers and consumers traveling to Alaska. Sprint will also continue to hold vast amounts of spectrum throughout Alaska – including this 800 MHz spectrum, which is only being leased to Awn. Thus, approving the lease at issue will not reduce competition and will instead benefit consumers.

Finally, recent FCC precedent also supports a grant of the lease applications. The FCC has granted numerous other transactions – under similar circumstances – where carriers were permitted to exceed the spectrum screen.<sup>27</sup> For instance, in the AT&T/Qualcomm decision, the Bureau authorized a secondary market transaction resulting in AT&T’s exceeding the low-

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<sup>25</sup> See [auctiondata.fcc.gov](http://auctiondata.fcc.gov).

<sup>26</sup> See *id.*

<sup>27</sup> See, e.g., *Application of United States Cellular Corporation and Hershey Cooperative Telephone Company For Consent to Assign License, WT Docket No. 16-14*, Memorandum Opinion and Order, DA 16-1064 (WTB 2016).

band spectrum screen by 16 megahertz, to result in 61 MHz of below-1-GHz spectrum.<sup>28</sup> As AT&T did in AT&T/Qualcomm, AWN faces a number of competitive providers with both significant financial and spectral resources – including low-band holdings.<sup>29</sup> Both AT&T and Verizon compete vigorously with AWN, especially in Alaska’s more urban markets, with robust LTE deployments. Therefore, the proposed transaction, far from stifling wireless broadband in Alaska, is essential to maintaining AWN’s status as a meaningful competitive constraint on the national carriers, while simultaneously facilitating AWN’s efforts to expand and improve wireless broadband in Alaska’s many un- or underserved communities.

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<sup>28</sup> *In the Matter of Application of New Cingular Wireless PCS, LLC and Qualcomm Incorporated For Consent to Assign License*, WT Docket No. 16-75, Memorandum Opinion and Order, DA 16-1424 (rel. Dec. 21, 2016) (“AT&T/Qualcomm Order”).

<sup>29</sup> *See id.* ¶ 19.

**Table of Exhibits**

Ex. 1	All Requests	Custodian: Gene Strid	AWN Spectrum Utilization
Ex. 2			Updated Spectrum Aggregation Chart to reflect 600 MHz Incentive Auction winning bids

## Exhibit 1

### Spectrum Utilization Overview

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## Exhibit 2

### Updated Spectrum Aggregation Chart

AWN Mobile Spectrum Holdings  
December 2016 – Updated April 2017 to Reflect 600 MHz Incentive Auction Results & AWN’s Winning Bids

		Current Attributable AWN Spectrum Holdings (without Sprint 800 MHz Spectrum)										AWN And Sprint 800 MHz Spectrum			
CMA	Borough/ Census Area	700 MHz	Cellular <sup>1</sup>	PCS	AWS	BRS/EBS	600 MHz Winning Bids	AWN Holdings Post Incentive Auction (MHz)	Spectrum Screen (MHz)	AWN Under 1 GHz Holdings	Below 1 GHz Screen (MHz)	AWN Holdings + AWN 600 MHz Winning Bids Before Sprint (MHz)	Added 800 MHz	AWN Holdings With Sprint (MHz)	AWN Under 1 GHz Holdings (once 600 MHz licenses are granted) With Sprint (MHz)
187	Anchorage	12	25	90	20	49	10	206	222	47	68	206	14	220	61
315	Denali	12	25	100	20	40	20	217	222	57	68	217	14	231	71
315	Fairbanks North Star	12	25	100	20	40	20	217	222	57	68	217	14	231	71
315	Nome	12	25	90	20	40	20	207	222	57	68	207	14	221	71
315	North Slope	12	25	90	20	40	20	207	222	57	68	207	14	221	71
315	Northwest Arctic	12	25	90	20	40	20	207	222	57	68	207	14	221	71
315	Southeast Fairbanks	12	25	100	20	40	20	217	222	57	68	217	14	231	71
315	Wade Hampton	12	25	90	20	40	20	207	222	57	68	207	14	221	71
315	Yukon- Koyukuk	12	25	100	20	40	20	217	222	57	68	217	14	231	71
316	Aleutians East	12	25	90	20	40	20	207	222	57	68	207	14	221	71
316	Aleutians West	12	25	90	20	40	20	207	222	57	68	207	14	221	71
316	Bethel	12	50 <sup>2</sup>	90	20	40	20	232	222	82	68	232	14	246	96
316	Bristol Bay	12	25	90	20	40	20	207	222	57	68	207	14	221	71

<sup>1</sup> AWN’s cellular licenses are site-based, and therefore AWN does not have 100% of the listed amount of cellular spectrum in any borough/census area, and in most cases only covers a small percentage of these areas with cellular spectrum.

<sup>2</sup> The vast majority of the Bethel borough has 25 MHz of cellular spectrum. There are two remote communities within the borough that have an additional 25 MHz of cellular spectrum for a total of 50 MHz due to AWN holding Cellular A and B Site-Based Coverage: Bethel and Quinihagak.

AWN Mobile Spectrum Holdings  
December 2016 – Updated April 2017 to Reflect 600 MHz Incentive Auction Results & AWN’s Winning Bids

316	Dillingham	12	25	90	20	40	20	207	222	57	68	207	14	221	71
316	Kenai Peninsula	12	25	90	20	40	20	207	222	57	68	207	14	221	71
316	Kodiak Island	12	25	90	20	40	20	207	222	57	68	207	14	221	71
316	Lake and Peninsula	12	25	90	20	40	20	207	222	57	68	207	14	221	71
316	Matanuska-Susitna	12	25 <sup>3</sup>	90	20	40	20	207	222	57	68	207	14	221	71
316	Valdez-Cordova	12	25	90	20	40	20	207	222	57	68	207	14	221	71
317	Haines	12	25	100	20	40	10	207	222	47	68	207	14	221	61
317	Juneau	12	25	100	20	40	10	207	222	47	68	207	14	221	61
317	Ketchikan Gateway	12	25	100	20	40	10	207	222	47	68	207	14	221	61
317	Prince of Wales-Outer Ketchikan	12	25	100	20	40	10	207	222	47	68	207	14	221	61
317	Sitka	12	25	100	20	40	10	207	222	47	68	207	14	221	61
317	Skagway	12	25	100	20	40	10	207	222	47	68	207	14	221	61
317	Hoonah-Angoon	12	25	100	20	40	10	207	222	47	68	207	14	221	61
317	Wrangell	12	25	100	20	40	10	207	222	47	68	207	14	221	61
317	Petersburg	12	25	100	20	40	10	207	222	47	68	207	14	221	61
317	Yakutat	12	25	100	20	40	10	207	222	47	68	207	14	221	61

<sup>3</sup> FCC records show that pursuant to a 2005 letter agreement between MTA Communications, Inc. (“MTA”) and Alaska Communications Systems (“ACS”) (the prior licensee), the CGSA of AWN’s cellular license in this area covers 56% of the population and 2% of the land area of the Matanuska-Sustina Borough. Pursuant to an agreement between AWN and a neighboring wireless carrier that restricts AWN’s power usage in this area, AWN’s ability to provide actual operations in the Matanuska-Sustina Borough is limited.